

Message Text

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SUBJECT: FALANGE DECIDES TO OPPOSE PEREDA CANDIDACY

SUMMARY: GENERAL JUAN PEREDA'S PRESIDENTIAL CAMPAIGN SUFFERED AN APPARENT SETBACK ON FEBRUARY 14 WITH THE ANNOUNCEMENT BY THE FALANGE SOCIALIST PARTY (FSB) THAT IT HAD REJECTED PEREDA'S TERMS FOR THE FSB'S PARTICIPATION IN HIS ELECTION EFFORT. PARTY MEMBERS TOLD THE PRESS THIS SIGNIFIED AN FSB DECISION NOT TO SUPPORT PEREDA, ALTHOUGH THE ANNOUNCEMENT ITSELF SEEMS TO LEAVE THIS OPEN TO FURTHER NEGOTIATION. THE FSB ACTION IS LESS SIGNIFICANT FOR ITS EFFECT ON THE VOTING OUTCOME -- THE FSB HAS A HARSH CONSERVATIVE IMAGE IN RURAL AREAS AND LABOR SECTORS -- THAN FOR GIVING THE IMPRESSION THAT THE FSB, BOLIVIA'S SECOND MOST IMPORTANT PARTY, IS DISASSOCIATING ITSELF FROM A FLAGGING CANDIDATE. PEREDA'S CAMPAIGN SO FAR HAS GENERATED LITTLE POPULAR ENTHUSIASM AND HE HAS ONLY LUKEWARM MILITARY SUPPORT. MANY OBSERVERS ARE BEGINNING TO CONCLUDE THAT EVEN THOUGH HE CAN PROBABLY WIN THE JULY ELECTION BASED ON A GOVERNMENT-DOMINATED RURAL VOTE, HIS GOVERNMENT WOULD LACK URBAN SUPPORT AND WOULD NOT LAST LONG. PEREDA STILL MAY BE ABLE

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TO FORM A COALITION OF CENTER AND CENTER-LEFT PARTIES -- THE FSB WITHDRAWAL COULD FACILITATE THIS -- BUT HIS CAMPAIGN WILL HAVE TO DEMONSTRATE MORE LIFE QUICKLY IF HE IS TO CONTINUE AS A VIABLE CANDIDATE. TO FORTIFY HIS CAMPAIGN TWO CLOSE PRESIDENTIAL ADVISORS -- EDWIN TAPIA, SECRETARY GENERAL OF THE PRESIDENCY, AND JAVIER ARCE, SECRETARY GENERAL OF PRESS AND INFORMATION -- RESIGNED ON FEBRUARY 13 TO RUN PEREDA'S CAMPAIGN ORGANIZATION. BUT

EVEN THIS MOVE STRENGTHENS THE WIDESPREAD BELIEF THAT PRESIDENT BANZER AND HIS CLOSE CIRCLE OF CONFIDENTS INTEND TO KEEP THE REINS OF POWER IN THEIR OWN HANDS AFTER PEREDA'S ELECTION. THE PATH TO ELECTIONS IN JULY THUS REMAINS PERILOUS FOR BOTH PEREDA AND PRESIDENT HUGO BANZER. END SUMMARY

2. ACCORDING TO PRESS REPORTS, THE FSB ANNOUNCEMENT FOLLOWED A BREAKDOWN IN NEGOTIATIONS AT A MEETING BETWEEN PEREDA AND FSB PRESIDENT MARIO GUTIERREZ, ULTRA RIGHT-WING FSB LEADER CARLOS VALVERDE, RECENTLY RETURNED FROM EXILE, AND PRO-PEREDA FSB LEADER GASTON MORIERA. THE FSB WANTED THE VICE PRESIDENTIAL SLOT AND 45 PERCENT OF GOVERNMENT MINISTRIES AND PARILAMENTARY SEATS (40 PERCENT MORIERA TOLD EMBASSY OFFICERS) WHILE PEREDA OFFERED 33 PERCENT. PEREDA COUNTERED WITH A STATEMENT FEBRUARY 15 STATING THAT HE TOLD THE FSB HE WANTED TO CONSULT RURAL GROUPS ABOUT AN FSB PRESIDENTIAL CANDIDATE, BUT THE FSB REJECTED THIS IDEA. CLOSE ADVISORS TO PEREDA TOLD EMBOFFS THAT IN FACT PEREDA WAS STRONGLY RESISTING A FSB VICE PRESIDENTIAL RUNNING MATE BECAUSE THIS WOULD GIVE HIS CANDIDACY A RIGHT-WING CAST AND HURT HIM AMONG RURAL AND URBAN LABOR VOTERS. SOME FSB MEMBERS TOLD EMBOFFS THAT THE FSB DECIDED WEEKS AGO TO ABANDON PEREDA BECAUSE OF HIS WEAK IMAGE AND THE LIKELIHOOD THAT HIS GOVERNMENT WOULD NOT LAST EVEN IF HE WERE ELECTED AND THE NEGOTIATING DEMANDS WERE ONLY A PRETEXT. DISAGREEMENT OVER THE VICE PRESIDENCY SEEMS THE MOST PLAUSIBLE REASON TO US FOR THE BREAK BETWEEN THE FSB AND PEREDA.

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3. FOLLOWING THE FSB ANNOUNCEMENT, PARTY PRESIDENT MARIO GUTIERREZ TOLD THE PRESS HIS PARTY WAS DISCUSSING WITH MNR LEADER VICTOR PAZ ESTENSSORO THE POSSIBILITY OF FORMING A COALITION BETWEEN THE TWO PARTIES. AN FSB EMISSARY, MARIA SERRATE, VISITED PAZ IN RECENT WEEKS AND ACCORDING TO SERRATE, PAZ GAVE HIM SOME ENCOURAGEMENT. HOWEVER, A LEADER OF THE PAZ WING OF THE MNR IN LA PAZ, LEONIDAS SANCHEZ, TOLD AN EMBOFF THAT THE PAZ WING IS NOT INTERESTED IN THE FSB AT THE PRESENT TIME, APPARENTLY BECAUSE IT HOPES TO REUNITE THE OLD MNR OF PAZ, HERNAN SILES ZUAZO, WALTER GUEVARA ARCE AND JUAN LECHIN OQUENDO.

4. THE FSB'S ANNOUNCEMENT DOES NOT DEFINITELY STATE THE PARTY WILL NOT SUPPORT PEREDA AND IT IS STILL CONCEIVABLE THAT THE TWO PARTIES COULD RENEW NEGOTIATIONS. FOR NOW, HOWEVER, THE FSB'S DECISION LEAVES PEREDA'S CAMPAIGN IN DEEPER TROUBLE THAN EVER. ALTHOUGH PEREDA, UNENCUMBERED BY THE FSB'S DEMANDS, NOW HAS A FREER HAND TO NEGOTIATE AGREEMENTS WITH OTHER POLITICAL SUPPORTERS OF CENTER AND CENTER-LEFT PERSUASION, HE HAS LOST THE SUPPORT, AT LEAST FOR NOW, OF BOLIVIA'S SECOND LARGEST PARTY. THE FALANGE'S WITHDRAWAL MAY NOT MEAN THAT MUCH IN ACTUAL VOTING STRENGTH SINCE IT HAS ALWAYS RUN A DISTANT SECOND TO THE MNR AND

IT HAS A POOR REPUTATION AMONG RURAL AND URBAN LABOR VOTERS. BUT, COMING AT A TIME WHEN THE PEREDA CANDIDACY IS FALTERING THE WITHDRAWAL OF WHAT HAD BEEN CONSIDERED A SURE PEREDA SUPPORTER IS A BLOW.

5. SO FAR PEREDA'S CAMPAIGN HAS CONSISTED OF A FEW SPEECHES IN OUTLAYING PROVINCES, MOSTLY IN SANTA CRUZ, THE BENI AND TARIJA, STRONGHOLDS FOR PRESIDENT BANZER. PEREDA HAS DONE LITTLE TO ATTACH THE BULK OF THE POPULATION ON BOLIVIA'S ALTIPLANO, MAINLY BECAUSE HE HAS BEEN WAITING TO FORM A COALITION OF POLITICAL PARTIES. PEREDA'S PUBLIC APPEARANCES HAVE GENERATED LITTLE ENTHUSIASM, AND SUPPORT FROM THE MILITARY REMAINS LUKEWARM.

6. IN AN EFFORT TO GET THE PEREDA CAMPAIGN ORGANIZED, TWO BANZER
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INTIMATES, SECRETARY GENERAL OF THE PRESIDENCY EDWIN TAPIA AND SECRETARY GENERAL OF PRESS AND INFORMATION JAVIER ARCE, RESIGNED THEIR POSTS ON FEBRUARY 13 TO RUN PEREDA'S CAMPAIGN. WHILE BRIGHT AND IMAGINATIVE, TAPIA AND ARCE HAVE THE REPUTATION OF BEING BANZER CRONIES WHO HAVE HELPED THE PRESIDENT MANIPULATE BOLIVIA'S POLITICAL SCENE FOR THE PAST THREE YEARS. THEIR APPEARANCE IN PEREDA'S CAMP IS EVIDENCE TO MANY THAT BANZER INTENDS TO CONTINUE AS A BEHIND-THE-SCENES POWER, WITH PEREDA AS HIS TRUSTED FRONT MAN.

7. THUS PEREDA FACES A DIFFICULT BATTLE TO GET HIS CAMPAIGN OFF THE GROUND. HE IS FORTUNATE THAT SO FAR OPPOSITION GROUPS REMAIN EVEN MORE DISORGANIZED THAN HE. BUT EVERYONE IS NOW WATCHING PEREDA, AND IF HE FAILS TO GENERATE SOME CAMPAIGN MOMENTUM SOON, IT WILL ENCOURAGE NOT ONLY THE POLITICAL OPPOSITION, BUT ALSO THOSE WHO BELIEVE PRESIDENT BANZER'S PLAN TO HOLD ELECTIONS IN 1978 IS PREMATURE AND WOULD LIKE TO SEE ELECTIONS POSTPONED OR CANCELLED. THE ROUTE TO JULY ELECTIONS THUS IS BECOMING INCREASINGLY PERILOUS FOR CANDIDATE JUAN PEREDA AND HIS SPONSOR HUGO BANZER.
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